

By:

Lucio Zaffirini
Shapleigh

S.B. No. 277

A BILL TO BE ENTITLED

AN ACT

relating to use of money in the Texas Enterprise Fund.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 481.078, Government Code, is amended by adding Subsections (g)-(i) to read as follows:

(g) To increase the effectiveness of the fund, the governor may enter into an interagency agreement with the Texas Workforce Commission involving use of money from the fund in conjunction with money from the skills development fund created under Chapter 303, Labor Code, to better recruit new businesses to this state, expand existing businesses in this state, and maximize the state's efforts in creating new jobs.

(h) In making a grant of money from the fund, the governor may develop a mechanism that gives greater consideration to:

(1) potential recipients who commit to locating a new business or expanding an existing business, or who have located a new business or expanded an existing business, in an area that:

(A) has an average median household income at least 25 percent below the state average, and an average monthly unemployment rate at least 25 percent above the state average, for the most recent three consecutive years for which statistics are available;

(B) is adjacent to this state's border with the United Mexican States; or

1 (C) is a rural area, as defined by Section
2 2306.6702; and

3 (2) potential recipients who are investing a greater
4 percentage of the recipients' own money in the financed enterprise
5 or who commit to specific payroll requirements, including minimum
6 median wages or salaries for employees.

7 (i) The governor may use money from the fund to support
8 development of industry clusters, including industry clusters that
9 capitalize on regional resources near the border of this state and
10 the United Mexican States.

11 SECTION 2. Subchapter E, Chapter 481, Government Code, is
12 amended by adding Section 481.079 to read as follows:

13 Sec. 481.079. REPORT ON USE OF MONEY IN TEXAS ENTERPRISE
14 FUND. (a) Before December 1 of each even-numbered year, the
15 governor shall submit to the lieutenant governor, the speaker of
16 the house of representatives, and each other member of the
17 legislature a report outlining a long-range plan for use of money in
18 the Texas Enterprise Fund. The report must include:

19 (1) proposed initiatives for the legislature's
20 consideration to stimulate greater economic development and
21 promote strategic industry growth in this state;

22 (2) data describing the use of money from the fund
23 since the fund's creation; and

24 (3) an analysis of the effect of the fund on job
25 creation and retention, including the number of direct and indirect
26 jobs expected from and created by recipients and the median wages or
27 salary of the recipients' employees.

1 (b) The governor may require a recipient to provide any
2 information necessary for completion of the report, except as
3 otherwise provided by law.

4 SECTION 3. This Act takes effect September 1, 2005.

BILL ANALYSIS

Senate Research Center
79R3841 DWS-D

S.B. 277
By: Lucio et al.
S/C on Emerging Technologies and Economic Development
4/15/2005
As Filed

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

Concerns have been raised by various media outlets from across the state and policy research centers concerning the administration and usage of the Texas Enterprise Fund (fund). The fund's effectiveness has been questioned due to its existing track record of not being able to create immediate jobs in Texas. Another issue of contention has been the lack of geographic distribution of the fund. Some observers have held that the existing distribution of fund grants indicates a favoritism to urban areas, as well as large employers in those areas. A subsequent subject of concern has been the perceived lack of accountability safeguards. Unlike other states, current Texas statutes do not provide the same type of measures as similar economic development funds in other states which provide for greater fiscal accountability of state tax payer dollars.

As proposed, S.B. 277 institutes a series of reforms that provide fund administrators with the necessary tools and flexibility to address all the aforementioned concerns. Among these reforms is the reinforcement of the job-creation aspect of the fund. Under current law, the fund can be used for job training programs. S.B. 277 complements this usage by authorizing fund administrators to enter into an interagency agreement with the Texas Workforce Commission to supplement the use of the fund with the Skills Development Fund. Fund administrators are also given the flexibility to address the lack of geographic diversity by being given the authority to develop their own mechanism by which to provide greater consideration to companies that decide to locate/relocate in certain areas, such as rural regions and distressed communities. Lastly, S.B. 277 provides for greater fiscal accountability by including a "clawback" provision.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 481.078, Government Code, by adding Subsections (g) - (i), as follows:

(g) Authorizes the governor, to increase the effectiveness of the Texas Enterprise Fund (fund), to enter into an interagency agreement with the Texas Workforce Commission (TWC) involving use of money from the fund in conjunction with money from the skills development fund created under Chapter 303 (Skills Development Fund), Labor Code, to better recruit new businesses in this state, and maximize the state's efforts in creating new jobs.

(h) Authorizes the governor, in making a grant of money from the fund, to develop a mechanism that gives greater consideration to certain recipients.

(i) Authorizes the governor to use money from the fund to support development of industry clusters, including industry clusters that capitalize on regional resources near the border of this state and the United Mexican States.

SECTION 2. Amends Subchapter E, Chapter 481, Government Code, by adding Section 481.079, as follows:

Sec. 481.079. REPORT ON USE OF MONEY IN TEXAS ENTERPRISE FUND. (a) Requires the governor, before December 1 of each even-numbered year, to submit to the lieutenant governor, the speaker of the house of representatives, and each other member of the legislature a report outlining a long-range plan for use of money in the Texas Enterprise Fund. Requires the report to include certain information.

(b) Authorizes the governor to require a recipient of funds from the Texas Enterprise Fund to provide any information necessary for completion of the report, except as otherwise provided by law.

SECTION 3. Effective date: September 1, 2005.

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 15, 2005

TO: Honorable John Carona, Chair, Senate Committee on S/C on Emerging Technologies & Economic Dev.

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: SB277 by Lucio (Relating to use of money in the Texas Enterprise Fund.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill authorizes the Governor's Office to enter into an interagency agreement with the Texas Workforce Commission involving use of the Texas Enterprise Fund in conjunction with the Skills Development Fund to better recruit new businesses to this state, expand existing businesses, and maximize the state's efforts in creating new jobs.

The bill provides that when making a Texas Enterprise Fund grant, the Governor's Office may develop a mechanism that gives greater consideration to average median household income, average monthly unemployment, location, and the percentage of the grant recipients' own money in the financed enterprise.

The bill requires the governor, before December 1 of each even-numbered year, to submit to the lieutenant governor, the speaker of the house of representatives, and each other member of the legislature a report outlining a long-range plan for the Texas Enterprise Fund.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 301 Office of the Governor, 320 Texas Workforce Commission

LBB Staff: JOB, JRO, SMi

S.B. No.

277

By

Lucio

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AN ACT:

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JAN 26 2005
FEB 03 2005

Filed with the Secretary of the Senate

Read and referred to Committee on

Sub on Emerging Technologies + Eco. Dev.

Reported favorably

Reported adversely, with favorable Committee Substitute; Committee Substitute read first time.

Ordered not printed

Laid before the Senate

Senate and Constitutional Rules to permit consideration suspended by:

{ unanimous consent
____ yeas, ____ nays

Read second time, _____, and ordered engrossed by:

{ unanimous consent
a viva voce vote
____ yeas, ____ nays

Senate and Constitutional 3 Day Rule suspended by a vote of ____ yeas, ____ nays.

Read third time, _____, and passed by:

{ A viva voce vote
____ yeas, ____ nays

SECRETARY OF THE SENATE

OTHER ACTION:

Engrossed

Sent to House

Engrossing Clerk _____

Received from the Senate

Read first time and referred to Committee on _____

Reported ____ favorably (as amended) (as substituted)

Sent to Committee on (Calendars) (Local & Consent Calendars)

Read second time (comm. subst.) (amended); passed to third reading (failed) by a (non-record vote) (record vote of ____ yeas, ____ nays, ____ present, not voting)

Constitutional rule requiring bills to be read on three several days suspended (failed to suspend) by a vote of ____ yeas, ____ nays, ____ present, not voting.

Read third time (amended); finally passed (failed to pass) by a (non-record vote) (record vote of ____ yeas, ____ nays, ____ present, not voting)

Returned to Senate.

Returned from House without amendment.

Returned from House with ____ amendments.

Concurred in House amendments by a viva voce vote ____ yeas, ____ nays.

CHIEF CLERK OF THE HOUSE

_____ Refused to concur in House amendments and requested the appointment of a Conference Committee to adjust the differences.

_____ Senate conferees instructed.

_____ Senate conferees appointed: _____, Chairman; _____
_____, _____, and _____

_____ House granted Senate request. House conferees appointed: _____, Chairman;
_____, _____, _____

_____ Conference Committee Report read and filed with the Secretary of the Senate.

_____ Conference Committee Report adopted on the part of the House by: _____

{ a viva voce vote
_____ yeas, _____ nays

_____ Conference Committee Report adopted on the part of the Senate by:

{ a viva voce vote
_____ yeas, _____ nays

OTHER ACTION:

_____ Recommitted to Conference Committee

_____ Conferees discharged.

_____ Conference Committee Report failed of adoption by: _____

{ a viva voce vote
_____ yeas, _____ nays